

1 Laurence M. Rosen, Esq. (SBN 219683)

2 **THE ROSEN LAW FIRM, P.A.**

3 355 South Grand Avenue, Suite 2450

4 Los Angeles, CA 90071

5 Telephone: (213) 785-2610

6 Facsimile: (213) 226-4684

7 Email: lrosen@rosenlegal.com

8 *Counsel for Movant and [Proposed]*

9 *Lead Counsel for the Class*

10 UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

11 YAN WANG, Individually and on
12 behalf of all others similarly
13 situated,

14 Plaintiff,

15 v.

16 DADA NEXUS LIMITED, JEFF
17 HUIJIAN HE, and BECK
18 ZHAOMING CHEN,

19 Defendants.

Case No. 2:24-cv-00239-SVW-BFM

20 **MEMORANDUM OF POINTS
AND AUTHORITIES IN
SUPPORT OF MOTION OF
SENTHIL SUBRAMANIAN FOR
APPOINTMENT AS LEAD
PLAINTIFF AND APPROVAL
OF CHOICE OF COUNSEL**

21 CLASS ACTION

22 JUDGE: Stephen V. Wilson

23 HEARING: April 8, 2024

24 TIME: 1:30 p.m.

25 CTRM: 10A

1 Senthil Subramanian (“Movant”) respectfully submits this memorandum in
 2 support of his motion for an Order, pursuant to Section 21D of the Securities
 3 Exchange Act of 1934 (the “Exchange Act”), as amended by the Private Securities
 4 Litigation Reform Act of 1995 (the “PSLRA”):

5 (1) appointing Movant as Lead Plaintiff for all purchasers of Dada Nexus
 6 Limited, (“Dada” or the “Company”) securities between May 11, 2023 and January
 7 8, 2024, inclusive (the “Class Period”), to recover damages caused by Defendants’
 8 violations of the federal securities laws (the “Class”); and

9 (2) appointing The Rosen Law Firm, P.A. (“Rosen Law”) as Lead Counsel
 10 for the Class.

11 **I. PERTINENT BACKGROUND**

12 This action was commenced by Rosen Law on January 10, 2024 against
 13 Defendants Dada, Jeff Huijian He, and Beck Zhaoming Chen, (“Defendants”) for
 14 violations under the Exchange Act. That same day, Rosen Law issued an early
 15 notice pursuant to the PSLRA advising class members of, among other things, the
 16 allegations and claims in the complaint, the Class Period, and of their option to seek
 17 appointment as Lead Plaintiff. *See* Declaration of Laurence M. Rosen (“Rosen
 18 Decl.”), Ex. 1, filed herewith.

19 Defendant Dada is a platform for local on-demand retail and delivery in
 20 China. The Company operates JD-Daojia (“JDDJ”), one of China’s largest local on-
 21 demand retail platforms for retailers and brand owners, and Dada Now, a leading
 22 local on-demand delivery platform open to merchants and individual senders across
 23 various industries and product categories. The Company is incorporated in the
 24 Cayman Islands and its principal place of business is located at 22/F Oriental
 25 Fisherman’s Wharf, No. 1088 Yangshupu Road, Yangpu District, Shanghai,
 26 200082, People’s Republic of China (“PRC”). Dada’s securities trade on NASDAQ
 27 under the ticker symbol “DADA.”

1 The complaint alleges that throughout the Class Period, Defendants made
 2 false and/or misleading statements and/or failed to disclose that: (1) Dada revenues
 3 from online advertising, marketing services, and operations and support costs were
 4 materially overstated; (2) as a result, Dada would need to conduct an independent
 5 review to ascertain the financial impact and the scope of suspicious practices that
 6 led to overstated revenues and costs; and (3) as a result, Defendants' statements
 7 about its business, operations, and prospects, were materially false and misleading
 8 and/or lacked a reasonable basis at all relevant times.

9 Then on January 8, 2024, before market hours, Dada issued a press release
 10 on Form 6-K, which stated the following, in relevant part "certain suspicious
 11 practices were identified that may cast doubt on certain revenues from the
 12 Company's online advertising and marketing services in 2023" and that "the
 13 Company currently estimates that approximately RMB500 million of revenues
 14 from online advertising and marketing services and RMB500 million of operations
 15 and support costs may have been overstated, respectively, for the first three quarters
 16 of 2023." Additionally, Dada stated that "the revenue guidance previously provided
 17 by the Company for the fourth quarter and full year of 2023 should no longer be
 18 relied upon until further notice."

19 On this news, the price of Dada's American Depositary Receipts fell \$1.45
 20 per share, or 45.87%, to close at \$17.12 per share, on January 8, 2024, further
 21 damaging investors.

22 As a result of Defendants' wrongful acts and omissions, and the precipitous
 23 decline in the market value of the Company's common shares, Plaintiff and other
 24 Class members have suffered significant losses and damages.

25 ARGUMENT

26 II. MOVANT SHOULD BE APPOINTED LEAD PLAINTIFF

1 The PSLRA sets forth procedures for the selection of Lead Plaintiff in class
 2 actions brought under the Exchange Act. 15 U.S.C. § 78u-4(a)(3)(B). The PSLRA
 3 directs courts to consider any motion to serve as Lead Plaintiff filed by class
 4 members in response to a published notice of class action by the later of (i) 90 days
 5 after the date of publication, or (ii) as soon as practicable after the Court decides
 6 any pending motion to consolidate. 15 U.S.C. § 78u-4(a)(3)(B)(i) and (ii).

7 The PSLRA provides a “rebuttable presumption” that the most “adequate
 8 plaintiff” to serve as Lead Plaintiff is the “person or group of persons” that:

9 (aa) has either filed the complaint or made a motion in response to a
 10 notice . . . ;

11 (bb) in the determination of the Court, has the largest financial interest
 12 in the relief sought by the class; and

13 (cc) otherwise satisfies the requirements of Rule 23 of the Federal
 14 Rules of Civil Procedure.

15 15 U.S.C. § 78u-4(a)(3)(B)(iii)(I) (emphasis added); *In re Cavanaugh*, 306 F.3d
 16 726, 729-30 (9th Cir. 2002).

17 As set forth below, Movant satisfies the above criteria, has the largest
 18 financial interest of any movant in this litigation, and is therefore the most adequate
 19 plaintiff and should be appointed as Lead Plaintiff.

20 **A. Movant is Willing to Serve as Class Representative**

21 Movant has made a timely motion in response to a PSLRA early notice. *See*
 22 *Rosen Decl.*, Ex. 1. Additionally, as set forth in his PSLRA certification, Movant
 23 attests that he has reviewed the complaint, adopts the allegations therein, and is
 24 willing to serve as representative of the class. *See Rosen Decl.*, Ex. 2. Accordingly,
 25 Movant satisfies the first requirement to serve as Lead Plaintiff for the class.

26 **B. Movant has the Largest Financial Interest in the Action**

1 The PSLRA requires a court to adopt a rebuttable presumption that “the most
 2 adequate plaintiff ... is the person or group ... that ... has the largest financial
 3 interest in the relief sought by the class.” 15 U.S.C. § 78u-4(a)(3)(B)(iii);
 4 *Cavanaugh*, 306 F.3d at 730. While the PSLRA does not specify precisely how to
 5 calculate the “largest financial interest”, a movant’s approximate losses in the
 6 subject securities is the best measure. *Richardson v. TVIA*, 2007 WL 1129344, at
 7 *4 (N.D. Cal. Apr. 16, 2007) (citing cases).

8 Movant lost approximately \$192,969.71 in connection with his purchases of
 9 Dada securities. *See* Rosen Decl., Ex. 3. Movant is not aware of any other movant
 10 that has suffered greater losses in the Company’s securities during the Class Period.
 11 Accordingly, Movant satisfies the largest financial interest requirement to be
 12 appointed as Lead Plaintiff for the class.

13 **C. Movant Satisfies the Requirements of Rule 23 of the Federal Rules**
 14 **of Civil Procedure**

15 The PSLRA further provides that, in addition to possessing the largest
 16 financial interest in the outcome of the litigation, the Lead Plaintiff must “otherwise
 17 satisf[y] the requirements of Rule 23 of the Federal Rules of Civil Procedure.” 15
 18 U.S.C. §78u-4(a)(3)(B)(iii)(I)(cc). Federal Rule of Civil Procedure Rule 23(a)
 19 provides that a party may serve as a class representative if the following four
 20 requirements are satisfied:

- 21 (1) the class is so numerous that joinder of all members is
 22 impracticable;
- 23 (2) there are questions of law or fact common to the class;
- 24 (3) the claims or defenses of the representative parties are typical of
 25 the claims or defenses of the class; and
- 26 (4) the representative parties will fairly and adequately protect the
 27 interests of the class.

1 Fed. R. Civ. P. 23(a).

2 In making its determination that Movant satisfies the requirements of Rule
3 23, the Court need not raise its inquiry to the level required in ruling on a motion
4 for class certification—a *prima facie* showing that Movant satisfies the
5 requirements of Rule 23 is sufficient. *Cavanaugh*, 306 F.3d at 730-31. At the lead
6 plaintiff stage, “[t]he typicality and adequacy requirements of Rule 23 are the main
7 focus” and “[e]xamination of the remaining requirements [of Rule 23] are deferred
8 until the lead plaintiff moves for class certification.” *Richardson*, 2007 WL
9 1129344, at * 4 (citing *Cavanaugh*, 306 F.3d at 730).

10 Movant fulfills all the pertinent requirements of Rule 23. Movant shares
11 substantially similar questions of law and fact with the members of the class, and
12 his claims are typical of the members of the class. Movant and all members of the
13 class allege that Defendants violated the Exchange Act by publicly disseminating
14 false and misleading statements about the Company and its business. Movant, as
15 did all of the members of the class, purchased Dada securities at prices artificially
16 inflated due to Defendants’ misrepresentations and omissions, and was damaged
17 thereby. These shared claims also satisfy the requirement that the claims of the
18 representative party be typical of the claims of the class.

19 Thus, the close alignment of interests between Movant and other class
20 members, as well as Movant’s desire to prosecute this action on behalf of the class,
21 provides ample reason to appoint Movant as Lead Plaintiff.

22 **D. Movant Will Fairly and Adequately Represent the Interests of the**
23 **Class and is Not Subject to Unique Defenses**

24 The presumption in favor of appointing Movant as Lead Plaintiff may be
25 rebutted only upon proof “by a purported member of the plaintiffs’ class” that the
26 presumptively most adequate plaintiff:

(aa) will not fairly and adequately protect the interests of the class;
or

(bb) is subject to unique defenses that render such plaintiff incapable
of adequately representing the class.

15 U.S.C. § 78u-4(a)(3)(B)(iii)(II).

Movant's ability and desire to fairly and adequately represent the class has
been discussed above. Movant is not aware of any unique defenses that Defendants
could raise against him that would render Movant inadequate to represent the Class.

Accordingly, the Court should appoint Movant as Lead Plaintiff for the Class.

Further, Movant has three years of investment experience. Movant has a BA
in Information Technology and is currently employed as a computer programmer.

III. MOVANT'S SELECTION OF COUNSEL SHOULD BE APPROVED

The PSLRA vests authority in the Lead Plaintiff to select and retain lead
counsel, subject to the approval of the Court. 15 U.S.C. § 78u-4(a)(3)(B)(v). The
Court should only interfere with the Lead Plaintiff's selection when necessary "to
protect the interests of the class." 15 U.S.C. § 78u-4(a)(3)(B)(iii)(II)(aa).

Movant has selected Rosen Law as Lead Counsel. The firm has been actively
researching the Class's and Movant's claims, including filing this action, reviewing
publicly available financial and other documents and gathering information in
support of the claims against Defendants. Furthermore, the firm has an extensive
history bringing significant recoveries to investors and is experienced in securities
litigation and class actions, having been appointed as lead counsel in securities class
actions in this District and in other courts throughout the nation. *See Rosen Decl.*,
Ex. 4.

As a result of the firm's experience in litigation involving issues similar to
those raised in this action, Movant's counsel has the skill and knowledge that will
enable the firm to prosecute this action effectively and expeditiously. Thus, the

1 Court may be assured that by approving Movant's selection of Lead Counsel, the
2 members of the class will receive the best legal representation available.

3 **IV. CONCLUSION**

4 For the foregoing reasons, Movant respectfully requests that the Court issue
5 an Order: (1) appointing Movant as Lead Plaintiff of the class; (2) approving Rosen
6 Law as Lead Counsel; and (3) granting such other relief as the Court may deem to
7 be just and proper.

8
9
10 Dated: March 11, 2024

Respectfully submitted,

11
12 **THE ROSEN LAW FIRM, P.A.**

13 /s/ Laurence M. Rosen

14 Laurence M. Rosen, Esq. (SBN 219683)

15 355 South Grand Avenue, Suite 2450

16 Los Angeles, CA 90071

17 Telephone: (213) 785-2610

18 Facsimile: (213) 226-4684

Email: lrosen@rosenlegal.com

19 *Counsel for Movant and [Proposed] Lead*
20 *Counsel for the Class*

CERTIFICATE OF WORD COUNT

The undersigned, counsel of record for Senthil Subramanian certifies that this brief contains 1,787 words, which complies with the word limit of L.R. 11-6.1.

Executed on March 11, 2024

/s/ Laurence M. Rosen

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

CERTIFICATE OF SERVICE

I, Laurence M. Rosen, hereby declare under penalty of perjury as follows:
I am the Managing Partner of The Rosen Law Firm, P.A., with offices at 355 South Grand Avenue, Suite 2450, Los Angeles, CA 90071. I am over the age of eighteen.
On March 11, 2024 I electronically filed the following **MEMORANDUM OF POINTS AND AUTHORITIES IN SUPPORT OF MOTION OF SENTHIL SUBRAMANIAN FOR APPOINTMENT AS LEAD PLAINTIFF AND APPROVAL OF CHOICE OF COUNSEL** with the Clerk of the Court using the CM/ECF system which sent notification of such filing to counsel of record.

Executed on March 11, 2024

/s/ Laurence M. Rosen
Laurence M. Rosen